Government of Saskatchewan

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Weekly Hog Report

August 11, 2014

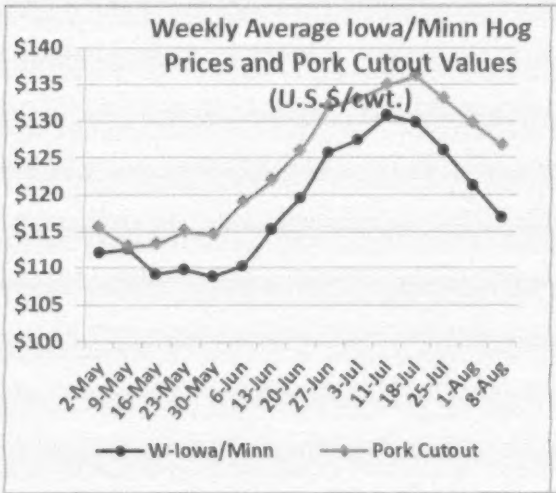
Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) ended last week lower, week-over-week. Hog prices on Friday averaged US$114.33 per cwt, down US$5.69 per cwt or 4.7 per cent from US$120.02 per cwt the previous Friday. The negotiated base price for the week averaged US$116.85 per cwt, down US$4.35 per cwt or 3.6 per cent from US$121.20 per cwt the previous week. Hog prices continued lower on normal seasonal weakness and likely on the negative news regarding the Russian pork ban.

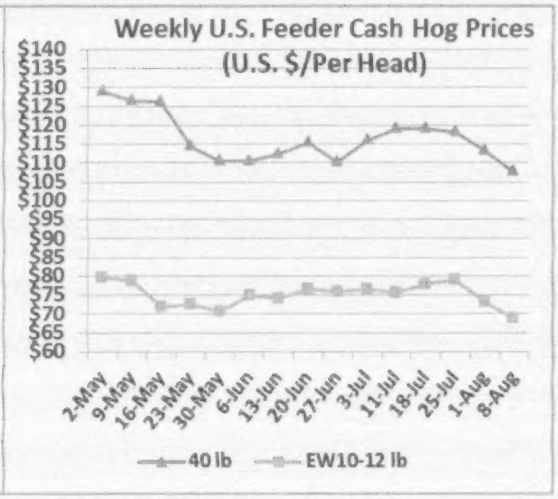
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 8, 2014 was $229.79 per ckg, down $12.04 per ckg or 5.0 per cent from $241.83 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $233.78 per ckg, down $9.67 per ckg or 4.0 per cent from the previous weeks' average price of $243.45 per ckg. The Canadian dollar closed Friday at 91.15 cents, down about 2 cents from the July average of just over 93 cents.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices moved lower the last few weeks, following seasonally lower cash and lean hog futures prices. Last week weighted average cash prices for iso-weans (12lb) were US$68.98 per head, down US$4.36 per head from US$73.34 per head the previous week. Feeders (40lb) were US$107.74 per head, down US$5.46 per head from US$113.20 per head the previous week.



Source: LMIC



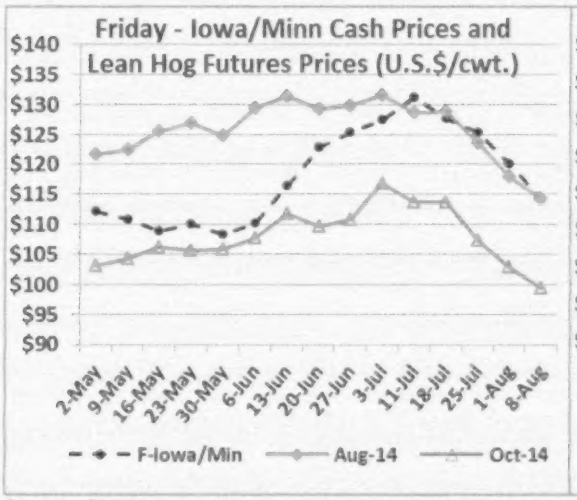
Source: LMIC

Futures Markets

Lean hog futures prices were lower last week with the nearby August contract down US$3.80 per cwt to settle Friday at US$114.225 per cwt. The August to December contracts declined between US$3.500 per cwt and US$5.250 per cwt with the December contracts losing the most. While lean hog futures markets have being declining the last few weeks, the news on Thursday around the Russian ban on U.S. and Canadian pork helped push the lean hog futures market further lower.

Russia has placed a one-year ban on the importation of Canadian, U.S., and E.U. pork in retaliation for the additional sanctions by several countries. Effective immediately, Russia has stopped all imports of pork and pork products from the ban countries, even product currently in shipment. The effect of the ban on the Canadian hog industry will be negative, but the extent of the impact is still somewhat unclear. Canadian pork and pork product exports to Russia in 2012 and early 2014 have made up about 15 per cent of the Canadian dollars in sales. Canadian exports to Russia over the last few years have been like a roller coaster ride with exports to Russia down significantly in 2013, only to rebound strongly early in 2014. Russia has placed other bans on Canadian pork in recent years with the previous ban in 2013 on Canadian pork produced from pigs fed ractopamine.

Agriculture commodity futures markets were mixed from the previous week with nearby corn and crude oil prices slightly lower while soybeans, wheat and gold prices were higher, week-over-week.



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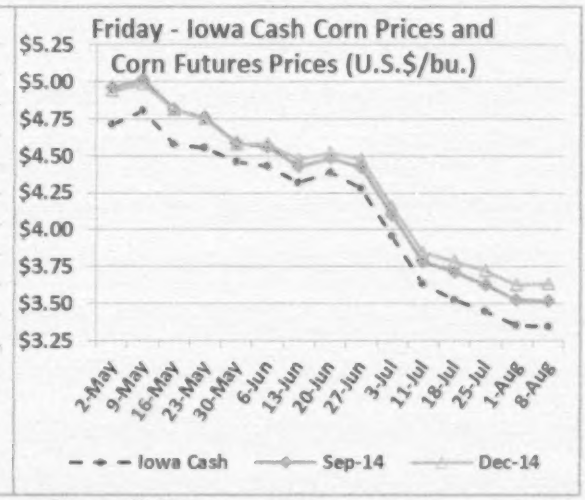


Source: CME

Iowa cash corn prices and the nearby corn futures were almost unchanged from the previous week but down noticeably since early July. The Iowa cash corn price on Friday was US$3.35 per bushel, down 61 cents from US$3.96 per bushel on July 3, 2014. The September corn futures contract was down over 57 cents to settle Friday at US$3.51¾ per bushel while the December contract was down over 52 cents to settle Friday at $3.63½ per bushel. The continued prospect for a large U.S. corn crop has pushed corn prices lower in July.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending August 9 were estimated at 1.919 million head, up 2.8 per cent from 1.867 million head the previous week, but down 5.2 per cent from 2.025 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 9 averaged 1.871 million head, down 7.1 per cent from 2.014 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending August 2, 2014 were estimated at 382,327 head, down 2.5 per cent from 392,002 head the previous week, and down 1.4 per cent from 387,689 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending August 2 were estimated to average 393,055 head, up 0.7 per cent from 390,243 head over the same period a year ago.

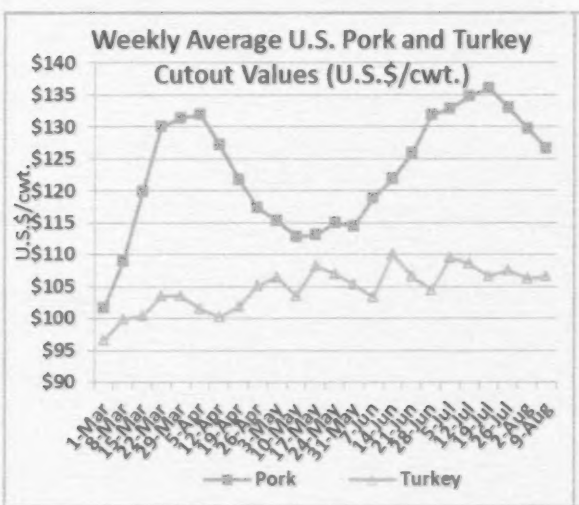
Meat Production

U.S. pork production for week ending August 9 was estimated at 408.9 million lb., up 2.8 per cent from 397.9 million lb. the previous week, but down 0.4 per cent from 410.4 million lb. the same week a year ago. Dressed hog weights were about 10 lb. or 4.9 per cent heavier compared to the same week a year ago, and the same the previous week.

U.S. beef production for the week ending August 9 was estimated at 460.7 million lb., up slightly from 460.2 million lb. the previous week, but down 8.4 per cent from 502.9 million lb. over the same week a year ago.

Cutout Values

The U.S. pork cutout values for the week ending August 9, 2014 averaged US$126.70 per cwt, down US$3.03 per cwt or 2.3 per cent from US$129.73 per cwt from the previous week, but up 20.7 per cent from US$104.96 per cwt the same week a year ago. Pork cutout values had established new all-time high record average weekly prices of US$136.11 per cwt on the week of July 18, with the daily record high price of US$137.56 per cwt also established on July 18. Prices have declined the last few weeks.



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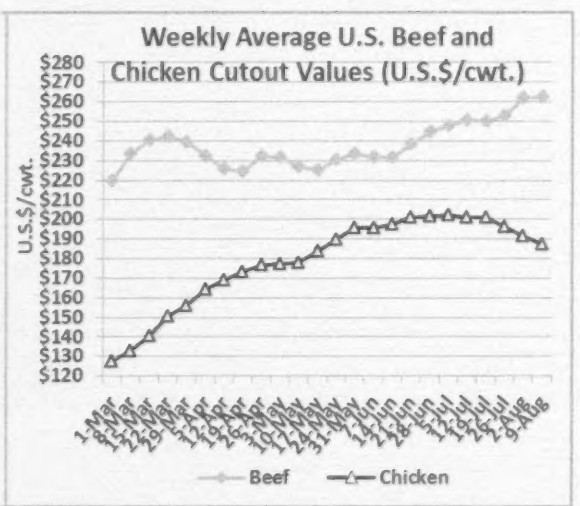
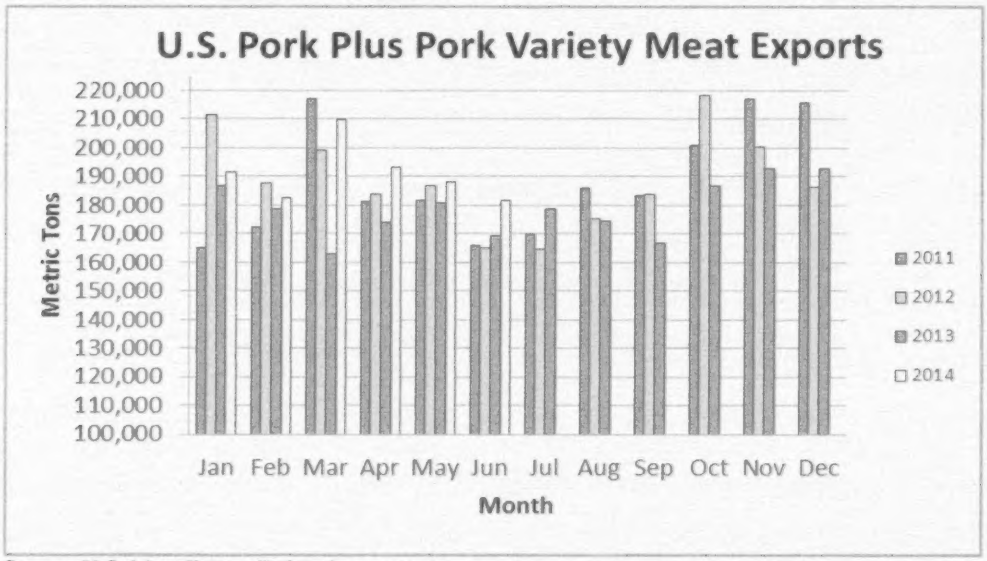


Source: LMIC

Average beef cutout values (Choice 600-900 lb.) for the week ending August 9 averaged US$262.26 per cwt, up slightly from US$262.06 per cwt from the previous week, and up 39.6 per cent from US$187.92 per cwt the same week a year ago. Beef cutout values established new all-time high record average weekly prices last week with the daily record high price of US$263.77 per cwt established on July 31, 2014.

United States Pork Exports

United States exported 181,531 metric tons of pork plus pork variety meats in June 2014, down 3.5 per cent from 188,030 metric tons in May 2014, but up 7.4 per cent from 169,098 metric tons in June 2013. By dollar amount, U.S. pork exports in June 2014 were US$585.1 million, down 2.4 per cent from US$599.6 million in May 2014, but up 24.6 per cent from US$469.7 million in June 2013. Higher pork values in June 2014 have significantly increased sales by dollar value compared to June 2013. For the first six months of 2014, U.S. pork sales have totaled US$3.430 billion, up 16.7 per cent by sales value compared to the first six months of 2013. By volume, U.S. pork exports from January to June 2014 totaled 1.146 million metric tons, up 9.0 per cent compared to the same period in 2013. U.S. pork exports to Russia over this period only made up about 1.7 per cent by volume and 2.0 per cent by sales value.(Source: U.S. Meat Export Federation) This was down from about 3.5 to 4.5 per cent of sales by volume and dollar value in 2011 and 2012.



Source: U.S. Meat Export Federation

For more information contact:

Brad Marceniuk, PAg, MSc, BSA
Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca